

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 758 – SB 1158

April 11, 2011

SUMMARY OF AMENDMENT (005351): Prohibits contractors, home improvement contractors, or other persons who supply materials and render services in the improvement of real property from engaging in the business of making residential mortgage loans, or from being a mortgage loan servicer for a mortgage loan broker in this state. Exempts from mortgage lending licensure requirements attorneys compensated by a mortgage lender, mortgage loan broker, or a mortgage loan originator or by the lender's, broker's or originator's agents and persons performing land title insurance services in connection with a closing of a sale transaction. Specifies that no person shall be exempt from the licensure requirements if such person makes more than five residential mortgage loans in a consecutive twelve-month period. Authorizes the exemption if an individual subdivides a vacant tract of property as long as financing does not include the cost of constructing a dwelling.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions applied to amendment:

- Pursuant to Department Bulletin C-10-02, the Department of Financial Institutions currently considers individuals who make five or fewer residential mortgage loans within any twelve-month period exempt from mortgage lending licensure requirements.
- Expanding the current exemptions to include individuals involved solely in commercial real estate lending, individuals providing financing on properties not intended to be owner occupied, individuals who make mortgage loans to employees as an employee benefit, individuals doing any act related to mortgage loans pursuant to a court order, licensed individuals who perform only real estate brokerage activities, attorney compensated by a lender, broker, or originator, and persons performing land title insurance services in connection with a closing of a sale transaction will not result in a significant decrease in mortgage lending licenses or regulatory activity of the Department.

- According to the Office of the Secretary of State, any expenditure associated with delivering a copy of this act to the appropriate division of HUD will be not significant and can be accommodated within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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